



ANNUAL ACCOUNTABILITY REPORT

FOR FISCAL YEAR 2005-2006

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STATE TREASURER**

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EXECUTIVE SUMMARY

MISSION STATEMENT

The mission of the State Treasurer's Office (STO) is to serve the citizens of South Carolina by providing the most efficient and effective banking and financial management services for State Government.

To this end, the State Treasurer and his professional, responsive staff constantly strive to use a vast network of resources, industry knowledge, and technology to provide high quality service in key areas: receipt and disbursement of funds; investment and cash management; debt issuance and debt service; management of all State banking relations; administration of the Unclaimed Property Program and the College Savings Plans; and providing advice and counsel to local governments on issues related to investments, debt and other fiscal matters.

The State Treasurer's Office is ready and willing to serve the State's citizens and works hard to provide the most effective solutions to identified problems.

VALUES

The values of those employed by the State Treasurer's Office can be summed up in one word - ETHICS.

E FFICIENCY in every task is our motto in maximizing services to the public.

T ECHNOLOGY is crucial in our mission to provide the most up to date services.

H ARD WORK is key to performing the tasks required of the STO.

I NTEGRITY in our job performance and duty to the state is critical.

C OURTESY is essential to providing quality assistance.

S ERVICE to the taxpayers of our state is primary to our mission.

MAJOR ACHIEVEMENTS

Major achievements for the State Treasurer's Office (STO) during FY06 include the following:

- Achieved affirmative action goals for the year and a top five ranking in peer group of 26 agencies.
- Exceeded minority business utilization goal for the year.
- Improved efficiency in banking and accounting with increased use of electronic payments (see Chart 1.2), deposits (see Chart 1.4), and reporting unclaimed property (see Graph 4.2).
- Provided Electronic Vendor Payment information on the agency's website allowing vendors (payees) to identify the source of a direct deposit (made by the State into a bank account). There are no fees or costs levied by the State of South Carolina for this service.
- Achieved investment returns on the fixed income portfolio that exceeded the Lehman Brothers Aggregate Index for one, three, five, and ten year periods (see Chart 2.8).
- Achieved an average bond yield on general debt obligations within 0.06 percent, 6 basis points, of the MMD - AAA yields (see Graph 3.3).
- Increased market value of Future Scholar savings accounts at a rate greater than the national average and maintained high national rankings for the program.

STRATEGIC GOALS

The goals of the State Treasurer's office align with our values. Our current focus is on technology, accountability, and reliable customer service. It is fundamental to the fiscal well being of South Carolina that the State Treasurer's Office maintains state of the art financial systems. This is our first strategic goal. The STO continues to work with the South Carolina Enterprise Information System (SCEIS) team to ensure that internal systems specific to treasury functions are replaced by or properly interface with the new SCEIS system without interruption of services. During FY06, the Treasury Management module of the SCEIS system was the main area of focus for the STO. The agency's data processing staff researched and identified more than 100 touch points where SCEIS will enhance the STO's current automated financial systems.

The second strategic goal of the agency is to provide accountable and reliable services in relation to the State's financial resources. Through regular communication with our internal staff and outside vendors, we continually seek to measure ourselves against industry standards and benchmarks and seek to employ best practices in all facets of our operation.

The focus on customer satisfaction and courtesy is exemplified by our constituents' positive comments on the fact that when they call our office they actually speak to a person rather than voice mail or a machine and that employees focus on getting answers swiftly, accurately, and courteously.

OPPORTUNITIES AND BARRIERS TO SUCCESS

Although the agency is anticipating and planning for the SCIES project, the continuing demand for staff (particularly experienced, management level staff) to devote time to the SCEIS project in these critical implementation years is competing for personnel resources required for day to day problem solving and supervision. In addition, although this project is expected to benefit the agency and the State over the long run, its success will depend in part on all staff receiving the appropriate training.

With the help received from the legislature, the agency is working toward improving its technology for debt management. However, recent complex transactions, a synthetic advanced refunding, and the continued large number of refunding transactions have stretched other resources to a level that may require new resources to be added.

Finally, without some relief from the recent unprecedented increases in tuition and fees at public colleges and universities (89.8% in the past 5 years alone), the ability of the South Carolina Tuition Prepayment Program (SCTPP) Fund to honor payments under the existing contracts and the future of the program continues to be in jeopardy.

ACCOUNTABILITY REPORT

The Accountability Report is used at all levels of the agency to improve organizational performance by focusing on the strategic goals and by measuring our effectiveness. The report is published on the agency's electronic Employee Resource Guide for easy access by all employees. It is also available to the general public on the agency website at <http://www.state.sc.us/treas/office/index.htm>.

The annual review and updating process serves to bring all managers together to review our progress, our shortcomings, identify obstacles, and reset or reinforce priorities. The legislative process of tying budget requests to the Accountability Report helps to focus our efforts on stated priorities and to defend budget requests through use of data and analysis.

ORGANIZATIONAL PROFILE

MAJOR SERVICES AND KEY CUSTOMERS

Major Service of the State Treasurer's Office	Key Customers
State-wide banking and accounting services (receipt and disbursement of all funds) for all agencies and institutions	State agencies State employees and retirees Participants in the Deferred Compensation program The State's vendors Taxpayers Recipients of other state disbursements
Investment services for all state funds, the Local Government Investment Pool, and the fixed income portion of Retirement System funds	State agencies and institutions Local governments and School Districts Members of the South Carolina Retirement Systems Contributors to and beneficiaries of the Tuition Prepayment Plan
Debt issuance and management services for general obligation, revenue, and special debt issues	State agencies and institutions Holders of the State's GO and Revenue Bonds Holders of the State's Mini-bonds
Administration of the State's Unclaimed Property Program	Rightful owners of Unclaimed Property Holders of unclaimed property
Administration of the two College Savings Plans: South Carolina Tuition Prepayment Program and Future Scholar	Contributors to and beneficiaries of College Savings Plans Institutions of Higher Learning

Key stakeholders, other than the direct customers of our services, are the citizens of South Carolina and the Legislature.

Key suppliers are other state agencies, banks and other financial service providers, investment advisors and custodial banks, the outside administrators of the College Savings Plans, vendors of services and supplies, technology vendors, software providers and partners, holders of unclaimed property, and internet service providers.

OFFICE LOCATION

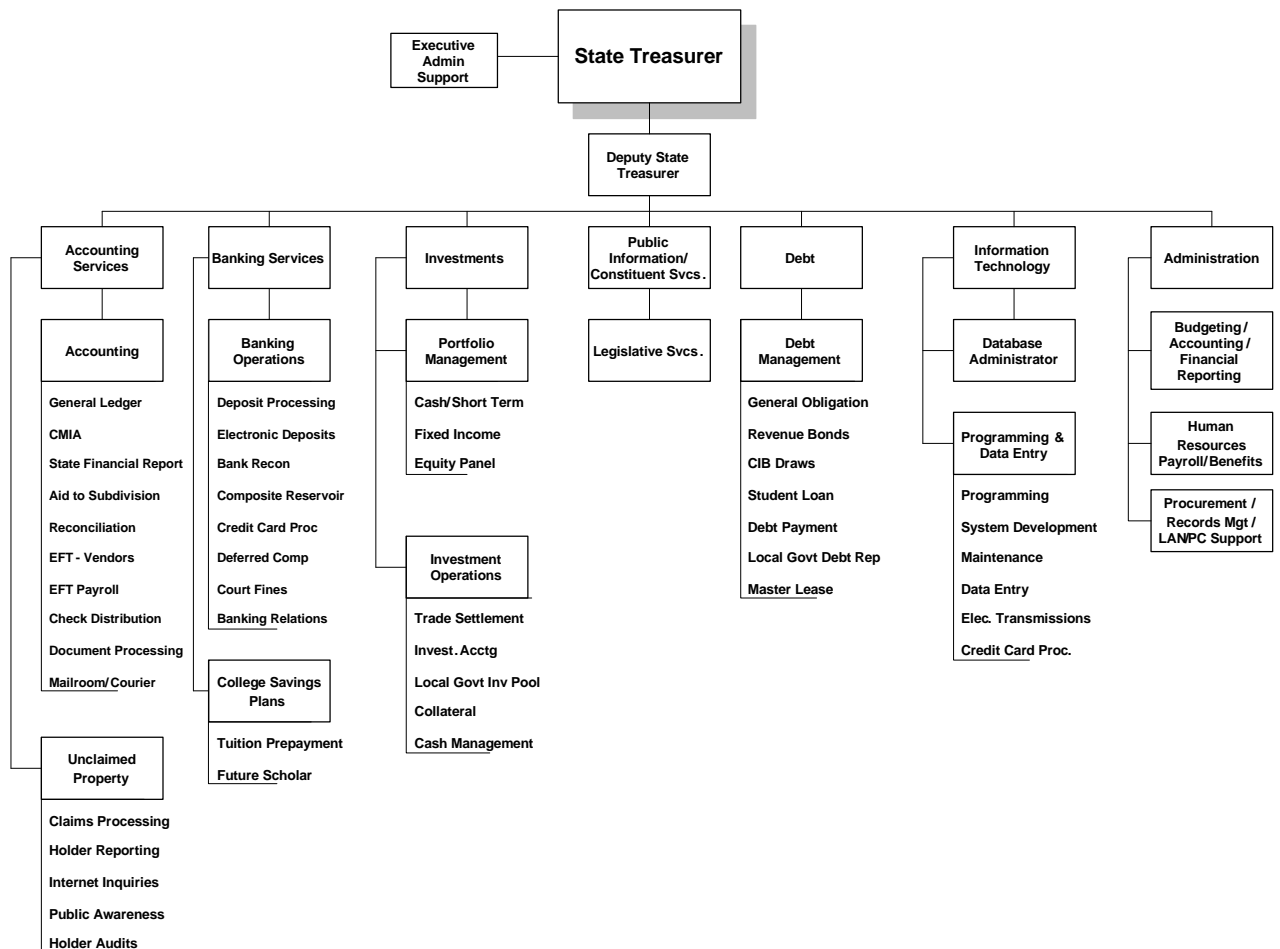
The State Treasurer's Office is located on the 1st and 2nd floors of the Wade Hampton Office Building, Capital Complex, Columbia.

EMPLOYEES

The State Treasurer's Office has a total of 70 authorized full-time equivalents (FTEs) of which 46 are state funded and 24 are other funded. The agency also has two temporary employees and two employees who work a reduced hour schedule. At fiscal year end, STO was operating with 63.5 positions filled and 6.5 positions vacant.

The Organizational chart below indicates the primary functions of each division.

State Treasurer's Office



APPROPRIATIONS AND EXPENDITURES

Base Budget Expenditures and Appropriations

Major Budget Categories	FY 04-05 Actual Expenditures		FY 05-06 Actual Expenditures		FY 06-07 Appropriations Act	
	Total Funds	General Funds	Total Funds	General Funds	Total Funds	General Funds
Personal Service	\$ 2,645,559	\$ 1,633,889	\$ 2,998,635	\$ 1,928,018	\$ 3,111,102	\$ 1,858,182
Other Operating	\$ 1,200,772	\$ 294,101	\$ 1,045,994	\$ 355,312	\$ 1,583,591	\$ 370,086
Special Items	\$ 5,931,932	\$ 1,622,662	\$ 8,989,706	\$ 1,622,662	\$ 5,367,044	\$ -
Permanent Improvements	\$ -	\$ -			\$ -	\$ -
Case Services	\$ -	\$ -			\$ -	\$ -
Distributions to Subdivisions	\$ -	\$ -			\$ -	\$ -
Fringe Benefits	\$ 702,480	\$ 445,580	\$ 794,314	\$ 504,022	\$ 835,745	\$ 501,223
Non-recurring						
Total	\$ 10,480,743	\$ 3,996,232	\$ 13,828,649	\$ 4,410,014	\$ 10,897,482	\$ 2,729,491

Other Expenditures

Sources of Funds	FY 04-05 Actual Expenditures	FY 05-06 Actual Expenditures
Supplemental Bills	\$ -	\$ -
Capital Reserve Funds	\$ -	\$ -
Bonds	\$ -	\$ -

MAJOR PROGRAM AREAS

Major Program Areas

Program Number and Title	Major Program Area Purpose (Brief)	FY 04-05 Budget Expenditures	FY 05-06 Budget Expenditures	Key Cross References for Financial Results
1. Accounting and Banking	Accounting and Banking provides statewide services to all agencies and institutions by receipt and distribution of funds from all sources.	State: 671,170.00 Federal: 0.00 Other: 162,593.00 Total: 833,763.00 % of Total Budget: 8%	State: 747,311.00 Federal: 0.00 Other: 185,456.00 Total: 932,767.00 % of Total Budget: 7%	pp 16-21
2. Investments	Investments provides statewide investment services to state agencies and institutions through investment of all state funds, management of cash liquidity, cash flow, and collateral.	State: 0.00 Federal: 0.00 Other: 637,791.00 Total: 637,791.00 % of Total Budget: 6%	State: 0.00 Federal: 0.00 Other: 756,269.00 Total: 756,269.00 % of Total Budget: 5%	pp 22-26
3. Debt Management	Debt Management provides statewide debt management services for the State, its agencies and institutions by management of debt issues including debt structure and payments.	State: 365,382.00 Federal: 0.00 Other: 75,012.00 Total: 440,394.00 % of Total Budget: 3%	State: 427,365.00 Federal: 0.00 Other: 24,848.00 Total: 452,213.00 % of Total Budget: 3%	pp 27-30
4. Unclaimed Property	Unclaimed Property Program provides a statewide service to the citizens of South Carolina by returning various forms of property or money to the rightful owners.	State: 0.00 Federal: 0.00 Other: 815,617.00 Total: 815,617.00 % of Total Budget: 8%	State: 0.00 Federal: 0.00 Other: 583,364.00 Total: 583,364.00 % of Total Budget: 4%	pp 31-33
5. College Savings	SC Tuition Prepayment Program (SCTPP) / SC College Investment Program (Future Scholar) are college savings plans that allow families the option of saving now at great advantage for their children's college education.	State: 0.00 Federal: 0.00 Other: 484,228.00 Total: 484,228.00 % of Total Budget: 5%	State: 0.00 Federal: 0.00 Other: 501,653.00 Total: 501,653.00 % of Total Budget: 4%	pp 34-37
6. Special Item: Student Loans	Student Loans-Teachers are funds received and then disbursed to the Student Loan Corp pursuant to the Appropriations Act to fund student loans for teacher program.	State: 1,622,662.00 Federal: 0.00 Other: 4,309,270.00 Total: 5,931,932.00 % of Total Budget: 56%	State: 1,622,662.00 Federal: 0.00 Other: 7,367,044.00 Total: 8,989,706.00 % of Total Budget: 65%	

Below: List any programs not included above and show the remainder of expenditures by source of funds.

Remainder of Expenditures: Support service programs of the office include Administration, Information Technology, and Constituent Services.	State: 1,431,503.00 Federal: 0.00 Other: 0.00 Total: 1,431,503.00 % of Total Budget: 14%	State: 1,612,677.00 Federal: 0.00 Other: 0.00 Total: 1,612,677.00 % of Total Budget: 12%
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MALCOLM BALDRIGE AWARD CRITERIA

LEADERSHIP

In alignment with the Constitution of South Carolina and the directives set forth by the General Assembly, the State Treasurer puts forth goals and strategies through individual and team meetings.

Pending issues and policies are discussed in these meetings and the State Treasurer uses these meetings to express his objectives, concerns, or directives. Senior management uses this time as a mechanism to express ideas, offer suggestions, and work as a team in problem resolution. Following such meetings, senior management apprises their respective staffs of issues discussed, seeking input when appropriate for problem resolution or for planning purposes.

The State Treasurer has a long history of instilling staff loyalty in job performance and effective public service to the State and its citizens. His positive leadership, support and recognition of his employees has generated below-average turnover in personnel. This has created a stable work environment where experienced professional staff can manage the State's finances in an efficient and effective manner.

The South Carolina State Treasurer's Office has always believed that accessibility is the key to success. The agency establishes and promotes a focus on customers by allowing the customers and citizens of South Carolina complete access to the STO. The State Treasurer promotes availability to the public and its customers by providing access to office services through the internet, by handling telephone calls in person rather than through a menu driven voice mail system and by maintaining an open door policy.

As an elected official, the State Treasurer is particularly sensitive to the impact on the State's citizens of actions taken and the effective allocation of the State's resources. For this reason, he is vigilant in seeking information and communicating with experts to find the best ways of meeting his responsibilities and delivering services. The State Treasurer closely monitors the State's cash flows, banking relationships, status of the State's debt and credit rating, and investment of the state funds, especially retirement funds.

STRATEGIC PLANNING

The State Treasurer has established the following priorities for the agency and seeks opportunities to advance the following initiatives:

- **Public and Higher Education**
- **Economic development**
- **Efficiency and customer service**

Strategies for supporting education:

In 2002, the State Treasurer's Office opened the South Carolina College Investment Plan ("Future Scholar" 529 College Savings Plan) by taking advantage of enhancements to the IRS Code allowing for tax advantaged tuition plans sponsored by state agencies. In four years, the number of Future Scholar accounts has grown to 53,243 with a market value of more than \$691 million. Nearly 50% of these accounts are held by South Carolinians. Our agency has worked closely with the national College

Savings Plan Network (CSPN) to improve federal financial aid treatment of funds held in 529 college savings plans as well as extending favorable tax treatment beyond 2010.

Another vehicle for college savings is the South Carolina Tuition Prepayment Program (SCTPP), which was transferred to the State Treasurer's Office in 2000. Unprecedented increases in tuition, however, and fees at the State's public colleges and universities (89.8% in the last 5 years) have contributed greatly to a growing unfunded liability. Our agency continues to work with the General Assembly and the colleges and universities toward finding solutions.

The STO also works closely with the South Carolina Educational Assistance Authority to provide funding for student loans and the South Carolina Educational Facilities Authority to maximize borrowing opportunities for the State's private colleges.

This year, the STO provided input and analysis to a legislative committee considering an infrastructure bank for school facilities construction programs. In recent years, our agency has completed the issuance of \$750 million School Facilities Bonds, providing funds needed to address a critical shortage of modern classrooms around the State. The bonds are general obligations of the State and were issued without incurring taxes or fees at best rates available in the marketplace at the time of issuance, thereby maintaining the overall cost of borrowing at the lowest available.

For public higher education, the agency works hard to provide funding for college and university capital projects and well as interim financing needs. The Research Universities Economic Development Bond Act has provided additional tools to fund both research universities and economic development initiatives.

Since 1994, the State has issued \$79,220,200 in mini-bonds. The proceeds have been used for State capital improvement projects such as college additions and renovations, prisons, and harbor dredging as authorized by the Legislature. The mini-bonds are safe, tax-free investments that provide the citizens of South Carolina a vehicle for saving while they benefit from the capital improvements funded by the sale of these bonds. Mini-bonds have not been issued recently due to historically low interest rates and exhaustion of capital improvement bonding authority. However, the STO continues to monitor the demand and market conditions for future issues.

Strategies for bolstering economic development:

Our agency continues to work closely with the Department of Commerce in providing funding for large economic development projects.

Maintaining a strong credit rating also helps promote the State's reputation as a good investment choice. During the fiscal year, the State Treasurer worked with members of the legislature in a united effort to show the state's resolve to keep our financial house in good order and adhere to strong fiscal discipline.

The State Treasurer also urged the General Assembly to bolster financial practices to strengthen the state's credit rating by accomplishing the following goals:

- End the practice of using one-time money for recurring expenses;
- Replenish and increase the state's reserve funds;
- Enact legislation requiring a multi-year forecast of revenues and expenditures; and
- Enact legislation to eliminate future accounting ("GAAP") deficits.

The legislature has supported these strategies; however, programs to address rating agency concerns centering on wealth, income, and employment must be undertaken to promote economic stability.

In addition to the regular communications with credit rating agencies, our agency sponsored two special events to address rating agency concerns about the South Carolina economy and recovery from the 2001 recession. In November, the STO hosted a forum for all three credit rating agencies to discuss the State's finances and economy. The Governor, Comptroller General, House and Senate financial leaders, Commerce, Board of Economic Advisors, and outside economists participated in this meeting. In January and in March, the STO, the BEA, Budget Office, Employment Security Commission, and the Governor's Office met with officials from the southeastern office of the Bureau of Labor Statistics to discuss disparities between the state's financial performance and the employment data published by the BLS.

The STO seeks opportunities within our banking responsibilities to foster and develop relationships with local banks while achieving competitive rates of returns on state investments. This year, the STO was presented with a unique opportunity to achieve both a higher rate of return while placing hundreds of millions of dollars in assets locally.

Strategies for promoting greater efficiency in government:

The State Treasurer's personal philosophy is to retire State general obligation debt within a 15 year period rather than extending the debt to the maximum 30 year period permitted by most bond enabling statutes. Structuring repayments over a shorter time period has resulted in millions of dollars in interest costs savings over the life of the debt.

Wherever constitutionally and statutorily possible, the State Treasurer's Office is attempting to create a "paperless" work environment by capitalizing on new technologies to improve delivery of services, save money, and free-up resources for other uses.

During the fiscal year, electronic solutions were again aggressively sought. Emphasis continued to be on eliminating nonessential functions in order to focus on the most critical and to move delivery of services to the internet or other self-serve or electronic means. Changes were made with consideration for the impact on the customer and how to offer electronic alternatives to the data and services previously provided by more paper or people intense delivery methods. The Business Results in Section 7 of this report highlight specific examples of such solutions implemented.

This objective has also been conveyed to our suppliers and partners so that, in an effort to serve us better, they can help identify opportunities for more paperless delivery of their services.

The STO continues to encourage payroll departments with employees participating in the State Deferred Compensation Plan to submit their contributions directly to the program administrator. This process change results in more timely investment of employee contributions to the plan.

CUSTOMER FOCUS

The State Treasurer's Office relies on direct customer feedback to improve service to its customers. This is accomplished in part through participation in conferences and forums, state fairs and senior citizens' events, meetings with financial institutions and state agencies, as well as public meetings attended by the State Treasurer and his staff. The STO also maintains an open door policy and uses its website to further receive public input.

Throughout the State, the State Treasurer's Office deals with the public on a wide range of issues. Most often we receive inquiries on retirement issues, tax refund checks, vendor checks, paychecks, deferred compensation, and information about individual programs such as Unclaimed Property, College Savings Plans, and Mini-Bonds.

Most of our programs are detailed on the State Treasurer's Office web site for further accessibility. Our agency has made it a priority to continually make links, downloadable documents, narrated training, and other information available to reduce costs and response times. The business results section beginning on page 16 includes references by program where the website(s) were enhanced during the fiscal year.

Legislative inquiries are handled through a dedicated professional staff that coordinates research and provides accurate information on legislative matters. Several issues requiring significant research and support during the 2006 legislative session included: the future of the Tuition Prepayment Program, restructuring the Retirement Systems investment oversight, and strengthening the systems to address the system's growing unfunded liabilities and cost of living adjustments (COLAs).

Ongoing communication with State agencies provides feedback on how their requirements and expectations can best be fulfilled. During the fiscal year, several agencies were involved in either implementing new banking arrangements specific to them or piloting new services initiated by the State Treasurer's Office. The STO regularly participates in special projects to improve statewide processes. This year, representatives of the agency continued to serve on committees studying the statewide accounting system (SCEIS system) as the implementation date nears. Even more staff members were brought into the process as the impact on the agency was studied in more detail. This effort will continue to be a large focus in the coming years, demanding time, particularly of the management staff.

Representatives of the agency make annual presentations to the South Carolina Governmental Finance Officers Association at both their fall and spring conferences and use those forums not only to disseminate information to others, but also to receive feedback from these customers and identify ways we can best meet their needs. Staff also served as presenters at the College and University Bursars Association meetings.

MEASUREMENT, ANALYSIS, AND KNOWLEDGE MANGEMENT

Performance measures are incorporated in all operations of the agency. The measures used are selected by management to:

- Track compliance with State and federal laws where applicable or with externally imposed requirements like accounting standards and regulatory compliance;
- Monitor compliance with management directives, goals, or objectives;
- Measure success of efficiency measures implemented;
- Measure performance against industry benchmarks;
- Indicate trends in meeting customer expectations; and
- Set priorities for resource allocation.

An inventory of key performance indicators shows the majority of measures used are in the areas of compliance, mission accomplishment, and customer focus. This is consistent with the nature of the agency where most functions are delegated to it by statute, with few programs at the discretion of the State Treasurer.

Comparative data and information is selected and used based on an intentional search for best practices and benchmarks relevant to our mission. Participation in national organizations such as the National Association of State Auditors, Comptrollers and Treasurers (NASACT), the National Association of State Treasurers (NAST), the College Savings Plan Network (CSPN), and other professional organizations in banking, cash management, investments, unclaimed property, and college savings plans provides exposure to comparative data and “best practices,” many of which have been adopted.

Accuracy of data is assured through reconciliation and confirmation with external sources:

- Statewide accounting data is reconciled daily to the Office of the Comptroller General;
- Banking data is confirmed with the depository bank, custodian of investments, and the counter-party to transactions;
- The status of investment portfolios and performance results is measured by at least three external sources in addition to the internal process: the custodial bank, the independent investment advisor, and the Investment Panel’s consultant for Retirement portfolios;
- Local Government Investment Pool transactions are confirmed with Pool participants through daily confirmations of transactions and monthly statements;
- Information on debt issues and payments is monitored and confirmed by external parties, including bond counsel, financial advisors, independent paying agents, bond holders, and the institutions served; and
- Internal administrative data such as budget status, procurement information, payroll and personnel transactions is confirmed with statewide reporting systems and subjected to routine audit.

Agency data is subjected to annual audit directly by at least 9 audit teams, including:

- Statewide GAAP Audit Team for cash, investments, debt, and data processing control;
- Agreed Upon Procedures audit of the agency;
- Local Government Investment Pool GAAP audit;
- Independent auditors for the South Carolina Retirement Systems;
- Independent auditors for the Tobacco Settlement Revenue Management Authority;
- Independent auditors for the South Carolina Resources Authority;
- Independent auditors for the Deferred Compensation Board;
- Independent auditors doing follow-up audits on Court Fine remittances; and
- Statewide single audit team for compliance with CMIA.

Indirectly, agency information is subjected to audit repeatedly through the audit confirmation process of the various agencies and institutions for which we serve as the State's bank.

HUMAN RESOURCES

The agency continued its human resources commitment to retain a qualified, trained work force while promoting employee motivation, satisfaction, and well-being in a safe and healthy environment. This commitment is demonstrated in every facet of our business, externally and internally, through an open-door policy, formal and informal communication, teamwork, equal treatment, customer focus, and employee recognition.

As a result of these efforts, **the State Treasurer's Office was recognized by the State Human Affairs Commission for meeting its affirmative action goals for the year and was ranked 5th among the 26 agencies with 15-100 employees.** Our staff consists of 70 authorized full-time equivalents (FTEs) of which 46 are state funded and 24 are other funded. This fiscal year, the agency had very low turnover, experiencing the loss of only one employee due to retirement and, with fewer budget constraints, was able to fill four vacant positions. At fiscal year end, the STO was operating with 63.5 FTEs and two temporary employees.

The State Treasurer's emphasis on a well-trained professional workforce and his support of external training supplemented by internal learning to ensure employee growth and innovation has enabled our agency to continue to meet its mission and provide exceptional customer service. After careful review of training needs, **we were able to provide technical training to approximately 35 percent of our staff.** This training not only boosted employee morale, but optimized employee efficiency and effectiveness in performance. More than half of this training was in the information technology area to support the implementation of the new SC Enterprise Information System and to assist the office in becoming more efficient through the use of technology. Further, the continuous efforts by senior management and staff to ensure that cross training remains a priority has enabled us to develop highly skilled and versatile employees. Such versatility allowed us to realign and/or promote skilled employees across divisional lines to meet work demands and customer needs.

The agency actively seeks employee input and feedback in relation to agency functions and processes through the Employee Performance Management System. Throughout the evaluation period, supervisors informally meet with employees and discuss ways in which they can improve their performance and be successful in their jobs. These formal and informal sessions allow supervisors an opportunity to assess employee satisfaction and gain insight and input from employees on how to improve processes. The discussions are an integral part of determining better and more efficient ways to operate.

Our agency further promotes employee motivation, well-being and satisfaction by:

- Providing flexible work schedules to assist employees in balancing work and family demands and to allow for the agency areas to be covered for longer periods of the day;
- Allowing employees, when feasible, to work part-time when needed and thereby reduce employee turnover and retain experienced personnel;
- Providing recognition of staff accomplishments and ensuring this responsibility is a priority of the senior management team. Senior management provides lunch to staff during Employee Appreciation Week;
- Promoting fitness and employee wellness, as well as teamwork and morale, through senior management's sponsorship of a "Biggest Loser Weight Loss Challenge" in which more than half of the staff participated and lost 250 pounds over a 3 month period; and
- Sponsoring benefits fairs, book fairs, health screenings, mammography scans, blood donations, and flu shots.

The State Treasurer's Office encourages employees' personal growth and teamwork by actively supporting community groups such as:

- United Way;
- First Ladies' Walk for Life;
- Community Health Charities;
- Wellness Walk;
- United Black Fund;
- Harvest Hope Food Bank; and
- American Red Cross Katrina Relief Fund.

PROCESS MANAGEMENT

In Accounting and Banking, deposits, distributions, reconciliations, and financial reporting are time sensitive processes with an external customer focus. Deadlines are imposed either by legal mandate, management policy, or customer expectations. Constant monitoring of deadlines, exception reports, and other performance requirements drives day-to-day operations. In order to meet growing demands with limited resources, managers must continually look for ways to better utilize automation for processing, verifying, and reporting information and for identifying exceptions needing attention.

Systems tied to non-state entities are often driving forces for automation. Office systems are electronically tied to outside banks and service providers through electronic receipt and submission of data, credit card and Internet payment systems, electronic daily confirmations, and automated reconciliation systems. Likewise, the needs of the customer, primarily other state agencies and institutions, drive decisions as to how and when certain services will be delivered. Where possible, the State Treasurer's Office strives to standardize banking services to take advantage of efficiency of scale, while serving the diverse and sometimes unique needs of each customer at competitive rates.

The State Treasurer's Office continues to promote Automated Deposits System, Electronic Vendor Payments, Deposit Sweep systems for Colleges and Universities, and sub-account systems for depository accounts. During the year with guidance from the State Treasurer's Office and our banking partners, two agencies implemented remote deposit capture systems. Progress toward these goals and efficiencies achieved are reported in Section III.7 Results.

In the area of Investments, the office is linked by the latest technology to market information, brokers, investment advisors, custodial banks, and accounting systems. To obtain the best investment opportunities within the guidelines of approved investments, the State Treasurer's Office maintains constant communication with securities professionals and uses on-line securities quotation services. The State Treasurer also receives expert advice from an independent investment advisory firm. During the year a successful project to combine the portfolios of the 5 separate retirement systems into one pool for efficiency of investment, while maintaining separate records for each system through the features of the QED Common Fund functionality was completed.

BidSC, the quarterly internet auction process for bidding on Certificate of Deposits continues to be an efficient and effective method of assuring the State the best rate on time deposits while allowing all financial institutions in the State an opportunity to bid for State deposits. In addition to the increase in return on the deposits, the system also provides an efficient method of communicating settlement information to the banks and financial institutions on those trades.

During the fiscal year the State Treasurer's Office completed a review of the Certificate of Deposit Account Registry Service (CDARS) collateral system available to banks as a way of increasing their FDIC coverage on deposits. Banks interested in participating in the CDARS program have been notified that the STO will now accept CDARS certificates as collateral. The STO continues to explore options for banking partners to obtain public deposits for local uses while assuring the funds are secure and comply with collateral statutes.

The overall objectives of the fixed portfolio for Retirement Funds are provided in the Statement of Investment Objectives, recommended by the State Treasurer, and adopted by the newly created South Carolina Retirement System Investment Commission. Objectives for investment of General and Other Funds are developed in conjunction with the State's investment advisor and adopted by the State Treasurer. In addition to daily monitoring and communication with investment advisors, twice monthly

investment update meetings are held with the State Treasurer and investment staff to review economic and market conditions as well as investment direction. Monthly performance reports provided by both the custodial bank and investment advisor reviewed by staff, assure the performance requirements are reviewed regularly and processes are adjusted as market conditions dictate.

In the area of **Debt Management**, the State Treasurer's Office continues to use internet-based technology in advertising bond sales and accepting bids. While this process saves printing and postage costs, it more significantly broadens the universe of potential bidders on the State's debt offerings.

The legacy Debt Management System (DMS) provides a system of controls and automation for the Debt Management division. This system provides mechanisms for record keeping and reporting, and provides automation for electronic debt payment through the Automated Clearing House to the State's paying agents. It also provides functionality for tracking agency payments for authorized capital projects to ensure timely and accurate payments for projects approved by the Joint Bond Review Committee and as appropriated by the General Assembly.

The Debt Management area has performed an evaluation of the system needs and analyzed those needs against the current system's continuing ability to meet them and evaluated other alternatives including the SAP system. As no acceptable "off the shelf" alternatives were identified, and there remain unanswered questions about SAP's capabilities, the agency continues to face the question of how best to replace the aging system. Options include investing internal resources in rewriting the aging system or seeking the vendor's assistance in adapting the SAP system to the State's requirements.

In administering the **Unclaimed Property Program**, and the **College Savings Plans**, two programs involving direct interaction with the general citizenry, promotion and education, customer expectations and customer-oriented delivery systems are the driving forces. Internet access to data and services continues to be the focus. Both systems are managed through outside vendor software systems designed specifically for the industry. By outsourcing these unique systems, the programs are able to take advantage of upgrades and best practices applicable to other states.

The **support systems** of the office include Administration, Data Processing, and Legislative and Constituent Services. These systems are designed to assist the production areas by providing a well-qualified work force, adequate funds to support the mission and retain valuable staff, efficient data processing systems, accurate and timely data for decision making, and information and opportunities for input on legislative matters and constituent concerns.

Recognizing the importance of our **key supplier relationships**, the State Treasurer has built dedicated support systems for each of these type relationships. Through regular meetings with major suppliers of banking services, and agencies requesting new types of bank services, the office has been able to forge partnerships with these suppliers. These partnerships have allowed us to take advantage of their industry experience and knowledge of our operations to recommend and help implement state of the art solutions to specific banking processes, resulting in cost savings and more efficient, reliable and accurate systems. Category 7 – Business Results, starting on page 16) highlights specific examples of improvements.

RESULTS

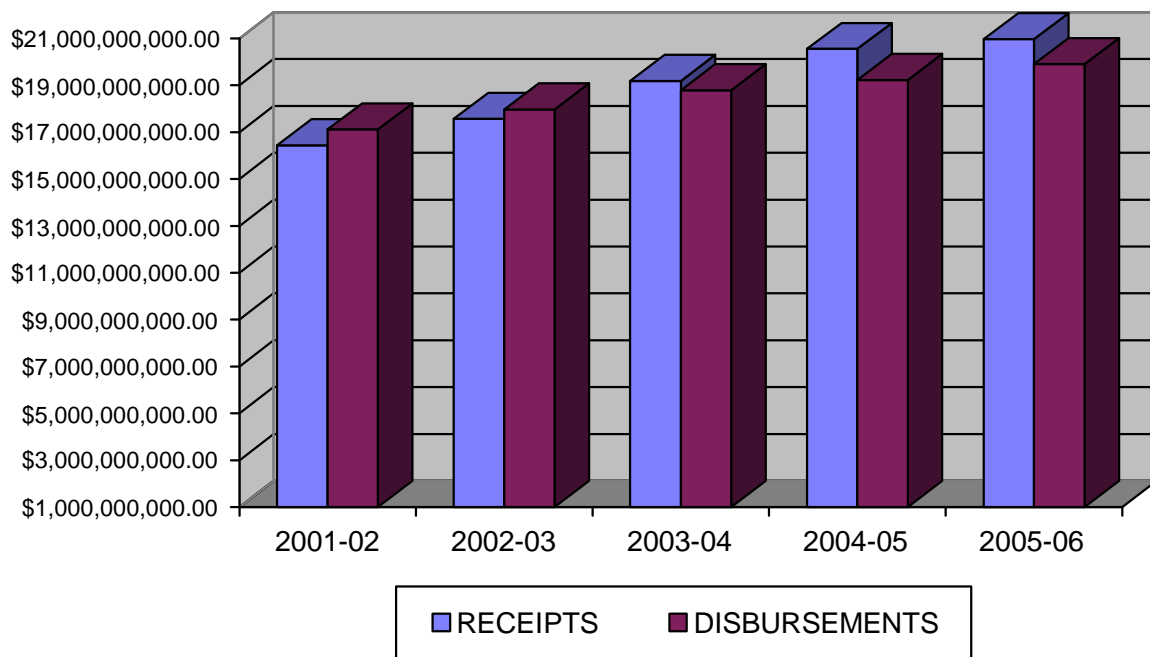
Accounting and Banking

Program Cost:

	2001-02	2002-03	2003-04	2004-05	2005-06
State Funds					
Accounting				\$ 444,499	\$ 512,588
Banking				\$ 226,671	\$ 234,723
Total State Funds	\$ 779,164	\$ 718,183	\$ 736,401	\$ 671,170	\$ 747,311
Other Funds - Banking*	-	198,050	182,003	162,593	185,456
Total	\$ 779,164	\$ 916,233	\$ 918,404	\$ 833,763	\$ 932,767
FTE's	18.45	17.45	15.70	15.70	16.80

*FY03 amount represents funds used under Proviso 72.69 (Flexibility) to maintain critical programs previously funded with General Fund appropriations. Beginning with FY04, amounts include other funds received for administration of Court Fines and Deferred Compensation funds.

Graph 1.1 - 5 Year Comparison of Cash Receipts and Cash Disbursements



Note: Graph 1.1 represents all cash receipts and cash disbursements recorded to STARS in the State Treasury from July 1 through June 30 for the years indicated.

Accounting Program Goals:

- Receive and disburse funds from all sources in a timely and accurate manner.
- Analyze FMS and STARS entries to reconcile Account Balances with the Comptroller General's Office daily.
- Provide efficient and effective financial reporting and accounting services for all state agencies and institutions as required.
- Conduct timely reconciliations of imprest bank accounts for the State, assuring accuracy of banking information and timely resolution of discrepancies.
- Distribute shared revenue to subdivisions monthly, quarterly, or annually according to statute.
- Manage the flow of direct deposit authorizations from customers assuring prompt posting of funds to customer's bank accounts.
- Analyze and provide input on budgetary and legislative matters related to statewide accounting matters.
- Continuously analyze processes to look for cost savings through efficiencies and ways to streamline duties.

Accounting Objectives:

1. Disburse all funds within 24 hours of request by increasing the number of payments made electronically (thus improving accuracy, timeliness of payment, and reducing cost to process).
2. Distribute Shared Revenues to subdivisions as required by law between the 20th and the 25th of each month.
3. Reconcile all imprest bank accounts of the State within 1 day after receipt of the bank information. These high volume disbursement accounts include: Contingent, Payroll, Income Tax Refund, Public Aid, and Special Payments.
4. Process all payroll and vendor direct deposit authorizations by the following payday.
5. Reconcile all receipts, disbursements and transfers with the Comptroller General's Office daily as required by State law. Identify and resolve all differences.
6. Review all proposed legislation related to banking and accounting matters, and provide feedback by the deadline to respond.
7. Process, batch and distribute all checks, IDT's and Treasurer Receipts for state agency pick up within 24 hours of processing.
8. Provide efficient customer service to state agencies when canceling checks, replacing checks and providing paid check copies.

Key Results – Accounting:

1. Increased the use of Electronic Vendor Payments and EFT payments to 36% of total payments and expanded the procurement card program (which reduces the number of individual disbursements required), allowing staff to process disbursements within the goal of 24 hours from request.

Chart 1.2 - Comparison of Disbursements by type

	2001-02		2002-03		2003-04		2004-05		2005-06	
	Number	%	Number	%	Number	%	Number	%	Number	%
Disbursements										
Paper Checks	3,048,306	70%	2,940,949	68%	2,891,570	67%	2,823,083	66%	2,767,635	64%
Electronic Payments	1,305,058	30%	1,401,757	32%	1,428,043	33%	1,450,757	34%	1,572,541	36%
Total disbursements	<u>4,353,364</u>	<u>100%</u>	<u>4,342,706</u>	<u>100%</u>	<u>4,319,613</u>	<u>100%</u>	<u>4,273,840</u>	<u>100%</u>	<u>4,340,176</u>	<u>100%</u>
FTE's in process area	4		4		3.25		3.25		4	

2. All shared revenues were distributed according to State Treasurer's Office (STO) policy between the 20th and 25th of the month in which distribution is required by statute.

Chart 1.3 - Shared Revenues Distributed by type

Annual	Monthly	Quarterly
Brokers Premium Taxes	Local Option Sales Tax – Property Tax Relief	Local Government Fund
Fire Department Premium Taxes	Motor Transport Fees in Lieu of Taxes	Aid to Planning Districts
		Local Option Sales Tax - Capital Projects
		Local Option Sales Tax – School Districts
		Local Option Sales Tax – Transportation Facilities
		Liquor by the Drink Excise Tax
		Accommodations Tax
		Accommodations Tax – Tourism Districts
		Solid Waste Tire Fees

3. The staff has maintained the daily reconciliation process at a 1 to 2 day turnaround through improved automation of reconciliation. By partnering with banks to take advantage of Positive Pay services, bank discrepancies in reconciling checks have decreased, and bank efforts in fraud prevention have benefited. All imprest bank accounts of the State incorporate this service.
4. All payroll and vendor direct deposit requests were processed by the following payday. As of June 30, 2006, 1,320 vendors had signed up for Electronic Vendor Payments.

5. Daily reconciliations with the Comptroller General's Office were achieved, and all differences were identified and resolved.
6. Multiple pieces of legislation and amendments were reviewed and analyzed during the fiscal year related to Accounting and Banking matters.
7. Prepared annual reports and furnished financial data to internal and external customers by prescribed deadlines. (GAAP Closing Packages, CMIA TSA and Annual Report, Annual Accountability Report).
8. During this fiscal year, several employees spent many hours serving as subject matter experts (SMEs) in Business Blueprint workshops on the South Carolina Enterprise Information System (SCEIS) project. The Business Blueprint phase focused on a review of business processes and functions performed by State of South Carolina agencies in their financial management. Agency business processes were reviewed to understand how SCEIS will replace steps in existing financial processes.

Banking Program Goals:

- Receive and record funds from all sources in a timely and accurate manner.
- Provide efficient and effective financial reporting and banking services for all state agencies and institutions as required.
- Conduct timely reconciliations of depository bank accounts throughout the State, assuring accuracy of banking information and timely resolution of discrepancies.
- Receive and distribute Court Revenues according to the governing statutes.
- Manage the flow of deferred compensation funds from pay centers to the third party administrator to facilitate prompt posting of those funds to participant accounts.
- Analyze and provide input on budgetary and legislative matters related to statewide banking matters.
- Work with banking vendors to implement best practices and to look for cost savings through efficiencies and ways to streamline duties.

Banking Objectives:

1. Record all deposits within 1 business day of receipt from the agencies.
2. Increase the number of agencies using the electronic deposit system, focusing on the high-volume deposit agencies.
3. Reconcile all bank accounts of the State (27 accounts) within 30 days of receipt of the bank information, keeping the level of unrecorded deposits at June 30 under the audit tolerance for materiality.
4. Continue to improve the reconciliation process by incorporating entire bank data transmissions as well as all FMS transactions into the "Outstanding Deposit File" for all banks.
5. Provide for the reporting and disbursement of existing and any new Court Revenues required by legislation.

6. Continue to enhance compliance with court revenue collection and reporting through redesign of reports and instructions, follow-up of delinquent reports, increase monitoring of local government audit reports and respond to requests for information or assistance.
7. Process all deferred compensation funds within 1 week of receipt by this office.
8. Reconcile the Composite Reservoir Master Bank Accounts and distribute detail account statements to state agencies by the 15th of the month.
9. Review all proposed legislation related to banking matters and provide timely feedback.

Key Results – Banking:

1. Deposits were recorded within 1 business day of receipt from agencies.
2. The percent of automated vs. manual deposits increased from 71% to 79% of total deposits.

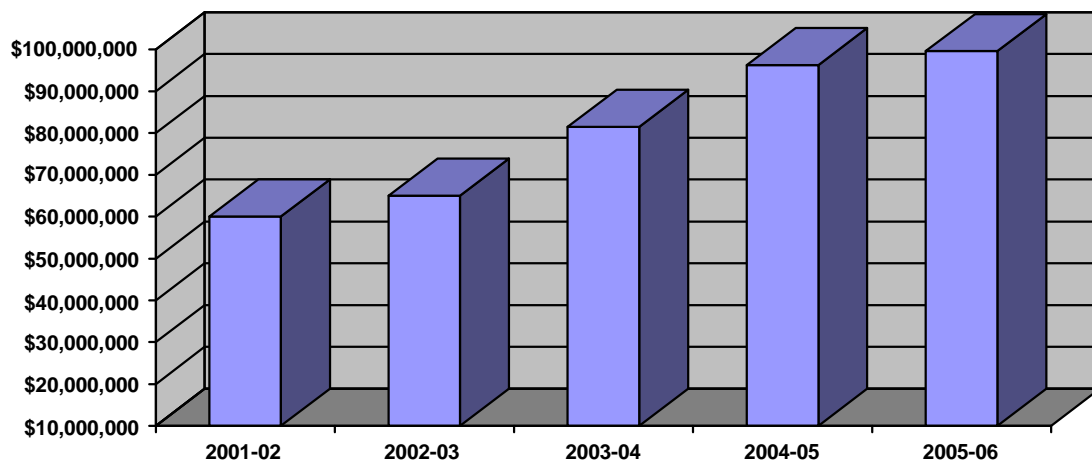
Chart 1.4 - Comparison of Receipts by type

	<u>2001-02</u>		<u>2002-03</u>		<u>2003-04</u>		<u>2004-05</u>		<u>2005-06</u>	
	<u>Number</u>	<u>%</u>	<u>Number</u>	<u>%</u>	<u>Number</u>	<u>%</u>	<u>Number</u>	<u>%</u>	<u>Number</u>	<u>%</u>
Receipts:										
Manual deposits	127,466	77%	78,701	48%	48,881	30%	48,359	29%	36,839	21%
Automated deposits	*		45,224	28%	73,416	45%	75,896	45%	90,913	53%
Credit card deposits	26,252	16%	30,564	19%	34,988	21%	35,232	21%	37,599	22%
ACH deposits	11,439	7%	8,651	5%	7,356	4%	7,749	5%	6,967	4%
Total deposits	<u>165,157</u>	<u>100%</u>	<u>163,140</u>	<u>100%</u>	<u>164,641</u>	<u>100%</u>	<u>167,236</u>	<u>100%</u>	<u>172,318</u>	<u>100%</u>
FTE's in process area	4		4		4		4		4	
Financial institutions on deposit sweep			11		13		13		13	

*Automated deposits included with manual deposits above.

3. Composite Reservoir accounts were reconciled with detailed statements distributed to the agencies by the 15th of the month.
4. Reconciliation time for all depository accounts remains at 30 days. The STO continued successful efforts to identify and adjust unclaimed deposits that typically occur when entities make bank deposits without submitting proper paperwork to STO for the deposits to be recorded. At fiscal year end, unclaimed deposits totaled \$298,602, or 0.0014% of revenues, well below the established tolerance level of 3%. This efficiency allows funds to be available for program purposes on a timely basis.
5. The number of delinquent reports from municipalities for court fines collected dropped 29% to an annual total of 200 for FY06.

Graph 1.5 - Fines, fees and assessments collected and remitted



6. Compliance Reporting reminders mailed by the STO to local governments resulted in 199 local government audit reports submitted to the STO and only 9 delinquent reports. The STO reviews the audit reports to verify that the reported amounts remitted to STO were actually received during the fiscal year.
7. Due to the success of a program instituted two years ago allowing direct transmittal of deferred compensation funds by agencies to the deferred compensation program administrator, the volume of deferred compensation deposits processed by the State Treasurer decreased substantially. This operational efficiency allows for quicker deposits of contributions to individual accounts and potentially increased earnings for those contributions. We anticipate that all entities will be set up to remit funds directly to the administrator by the end of FY07.

Chart 1.6 - SC Deferred Compensation funds received and transmitted (calendar year basis)

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Contributions transmitted	\$ 165,655,595	\$ 158,289,435	\$ 150,285,712	\$ 90,623,037	\$ 70,379,144
Reporting Entities	585	594	602	613	472

Investments

Program Cost:

	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>
State Funds	\$ 491,166	\$ 517,943			
Other Funds	-	114,683	598,267	\$ 637,791	\$756,269
Total	\$ 491,166	\$ 632,626	\$ 598,267	\$ 637,791	\$756,269
 FTE's	 8.0	 8	 8	 9	 10

Program Goals:

- To manage investment programs in accordance with section 11-9-660 and other statutes of the South Carolina Code of Laws, 1976, as amended, as applicable, in an effective manner.
- To invest all State funds pursuant to statutory authority and the fixed income components of the South Carolina Retirement Systems portfolios, which are structured to meet the long-term nature of pension obligations, in an effective manner.

Objectives:

1. Provide professional investment services for all funds under management through efficient utilization of available resources.
2. Maintain adequate collateral to secure State funds deposited in financial institutions.
3. Maintain adequate liquidity for cash needs.
4. Obtain the best return within prescribed parameters on a portfolio basis, meeting or exceeding the applicable benchmarks, while preserving capital.
5. Manage cash flow to optimize earnings for the State.
6. Meet or exceed the general fund budget estimate projection for investment earnings for the year.

Results:

1. The STO continues to provide professional portfolio services for all funds managed at a considerable cost savings to the state and the Retirement Systems. The cost for investment management services was 0.0072%, or 0.72 basis points, compared to industry average portfolio management fees of 0.1%, or 10 basis points.

Chart 2.1 – Cost of Investment Management Services

	FY2003	FY2004	FY2005	FY 2006
Cost of Investment Program:				
General Funds	\$517,943			
Portfolio Management Fees		\$523,538*	\$637,791	\$756,269
Investment Commission for fixed income				\$526,130
SCRS for Fixed Income	\$609,232	\$606,126	\$712,356	\$142,282
Total Cost	\$1,127,175*	\$1,129,664*	\$1,350,147*	\$1,424,681
Funds Managed	\$18,232,499,625*	\$17,578,074,425*	\$20,579,062,131*	\$19,834,345,888
Cost as % of Funds Managed*	.0062%	.0064%	.0066%	.0072%

* Prior to FY05 did not include Local Government Investment Pool.

- The securities lending program with the Bank of New York continues to surpass industry benchmarks in both utilization (percentage of holding actually loaned) and the contract spread (difference between the loan rate of assets and the reinvestment rate of proceeds) in high utilization classes. Revenue from this program covers custodial bank fees and provides additional earnings.

Chart 2.2 - Security Lending Program Performance compared to Benchmarks

	<u>RMA* Utilization</u>	<u>BNY Utilization</u>	<u>RMA Spread</u>	<u>BNY Spread</u>
Asset Class				
US Govt	75%	98%	22bp	32bp
US Agency	37%	70%	11bp	18 bp
GNMA	22%	44%	20bp	20bp
Equity/ADR	9%	21%	43bp	35bp
Corporates	9%	11%	32bp	26bp

(1) Corporate Assets include large amount of non-lendable securities, Adjusted utilization os 11-13%.

*Risk Management Association Security Lending Committee

Source: Bank of New York

- Assets under management continue to grow as state agencies and political subdivisions recognize the value both in enhanced returns and low expense of investing with the State Treasurer's Office when compared to private sector alternatives. We continue to deliver a high value product at a low cost in an efficient and effective manner to our many and diverse customers.

Chart 2.3 - General and Other Funds Managed

	2002-03	2003-04	2004-05	2005-06
Workload - State and local				
General funds managed (average)	233,027,538	510,608,734	942,146,286	1,714,211,023
Restricted funds managed (average)	2,793,601,599	2,619,168,412	3,101,038,477	3,356,956,210
Tobacco funds managed	513,435,784	494,660,240	458,836,644	487,715,450
Total State funds managed	<u>3,540,064,921</u>	<u>3,624,437,386</u>	<u>4,502,021,407</u>	<u>5,558,882,683</u>
LGIP funds managed (average)	1,627,815,228	2,171,340,885	2,059,867,527	1,957,665,038
LGIP Accounts	512	549	509	519
Number of State and local portfolios	22	22	22	20
Total number of investment trades	2,897	3,676	4,698	4,356

4. Conversion of the LGIP portfolio to the QED system was postponed to FY07 as we were asked by the Retirement System Investment Commission to pool the fixed assets of all five Retirement Systems. The pooling project was completed by the target date and within the budget. Conversion of the General Fund portfolios will be reevaluated in conjunction with the SAP blue print project.
5. The addition of new personnel has been greatly beneficial, and the training of the additional staff will continue in the new fiscal year.
6. During FY06, the Federal Reserve Open Market Committee raised short term rates from 3% to 5%. The increase had a positive effect on the overall investment performance of the General Fund compared to the prior two years; however, it caused the fund's performance to lag on its benchmarks for FY06. As the rate increases subside, performance will normalize and should improve in the future.

Graph 2.4 - General Funds Rate of Return compared to Benchmarks

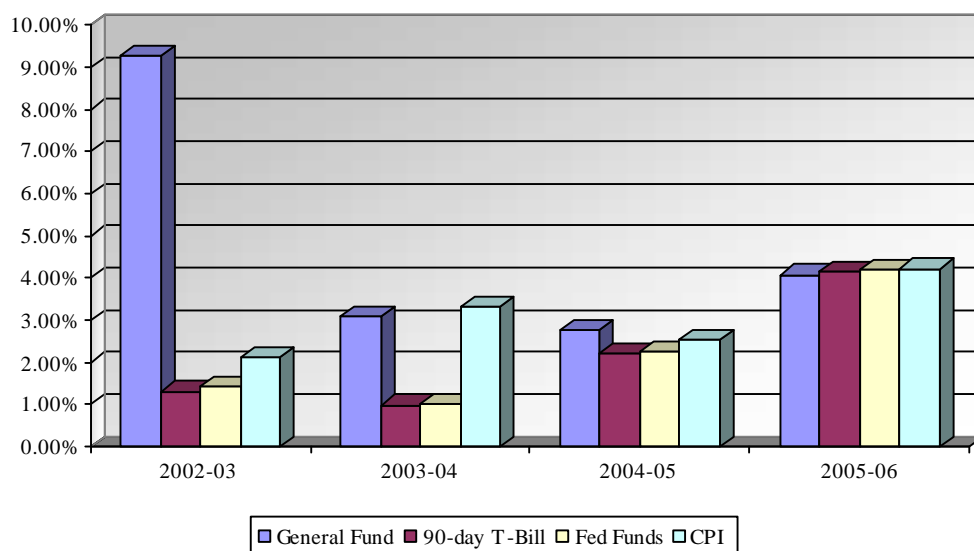


Chart 2.5 - General Funds Rate of Return compared to Benchmarks

	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>
Rate of return (cash basis)	9.28%	3.08%	2.77%	4.07%
Benchmarks				
90-day T-Bill rate (12 month average)	1.31%	0.98%	2.20%	4.14%
Fed Funds rate (12 month average)	1.43%	1.00%	2.25%	4.20%
Consumer Price Index	2.10%	3.30%	2.53%	4.33%

7. All portfolios maintained adequate liquidity to immediately meet cash flow needs.
8. Earnings on General Fund investments were \$69,764,067 which surpassed the investment earnings projection of \$60.0 million by \$9,764,067.
9. BidSC program continues to be a great success. The quarterly CD auctions resulted in increased earnings for the State of over \$156,313 during this fiscal year.
10. The State's Local Government Investment Pool (LGIP) earned a rate of 4.19% as compared to the average benchmark investment rate of 4.14% (90-day Treasury Bill Rate) while allowing entities 24 hour access to their funds.
11. During the year Education Department's funding the School Districts participating in LGIP was converted via ACH instead of paper checks. This has cut down on the time to process the checks by 8 hours every month and reduced monthly bank fees.
12. All deposits were properly collateralized.

Chart 2.6 - Retirement Funds Custodially Managed

	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>%</u>
Fixed Income managed internally	14,692,434,704	13,953,637,039	14,017,173,197	12,029,794,309	46.32%
Equities managed externally	8,018,792,700	10,381,460,694	11,149,108,194	13,652,550,676	52.57%
Liquidity pool internally*	NA	NA	417,465,336	288,340,448	1.11%
SCRS total funds	<u>22,711,227,404</u>	<u>24,335,097,733</u>	<u>25,583,746,727</u>	<u>25,970,685,433</u>	<u>100%</u>
Retirement portfolios managed (fixed)	4	4	4	5	

*The Liquidity Pool was separated from the Fixed Income Portfolio during FY05 to facilitate the daily cash flows in the respective retirement systems. It is invested in short maturity securities and the targeted amount is less than 5% of total assets.

13. SCRS Fixed Income returns exceeded the benchmark, the Lehman Brothers Aggregate Index, for the one year period ending June 30, 2006, and for the three, five and ten year periods.

Graph 2.7 - Fixed Income Returns compared to Benchmarks

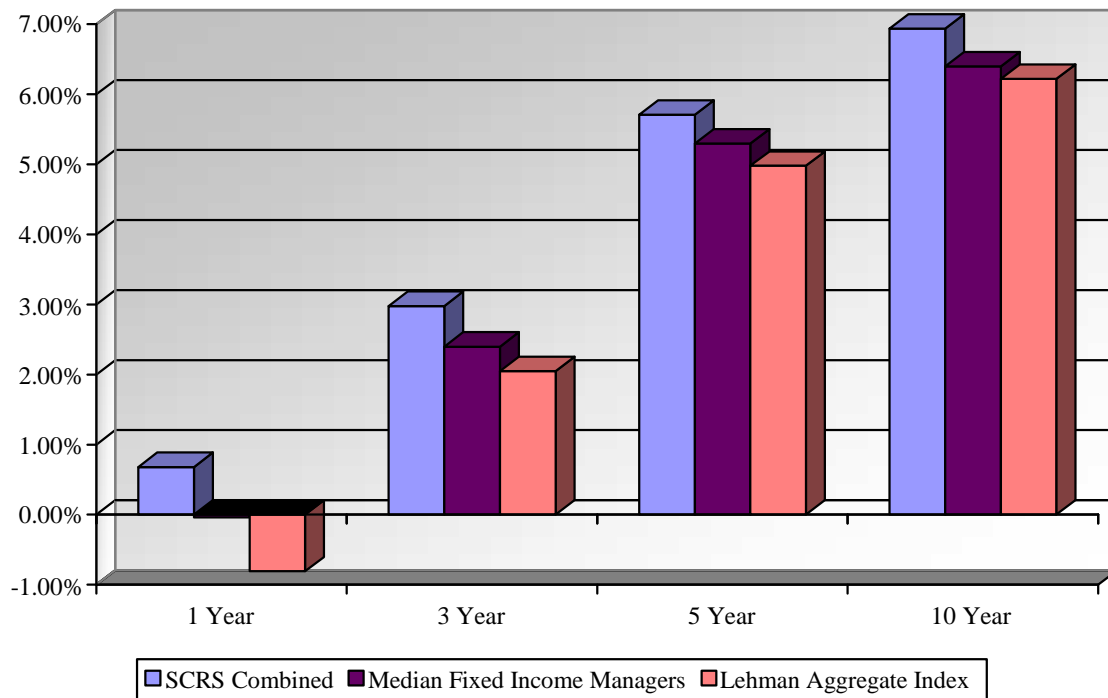


Chart 2.8 - Return on Retirement Fixed Income Investments vs. Benchmarks

	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>10 Year</u>
SCRS Combined	0.68%	2.98%	5.71%	6.94%
Benchmarks				
Median Fixed Income Managers ²	-0.04%	2.40%	5.30%	6.40%
Lehman Aggregate Index ¹	-0.81%	2.05%	4.98%	6.22%

¹ Source: Bank of New York

² Source: William M. Mercer Investment Consulting, Inc.

14. The STO cost for active management of the fixed and liquidity portfolios continues to be well below the cost associated with active management of equity funds in the retirement system and when compared to the industry average of 10 bps (0.10%) for active core fixed income managers.

Chart 2.9 - Cost of Managing Retirement Portfolios in FY06 - by sector

	Funds Managed	Fees Paid	%
Fixed & Liquidity	\$ 12,318,134,757	\$1,070,929	0.0087%
Equity: Index	\$ 6,834,740,735	\$ 270,977	0.0039%
Active	\$ 6,817,809,941	\$ 28,449,115	0.3563%
Total	\$ 25,970,685,433	\$28,720,092	0.0834%

*includes allocation of STO salaries

Debt Management

Program Cost:

	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>
State Funds	\$ 353,666	\$ 372,766	\$ 365,382	\$ 270,893	\$ 427,364
Other Funds	-	-	-	\$ 75,012	24,848
Total Funds	<u>353,666</u>	<u>372,766</u>	<u>365,382</u>	<u>345,905</u>	<u>452,212</u>
FTE's	5.00	5.00	4.00	5.00	5.75

Program Goals:

- Manage all debt issues for the State, its agencies and institutions to optimize debt structure and assure timely debt payments.
- Coordinate communications with rating agencies to maximize the State's credit rating.
- Assure compliance with legal requirements, including Arbitrage Rebate and Constitutional Debt Limit.

Program Objectives:

1. Make debt service payments accurately and on time.
2. Analyze the markets and structure the debt to assure the lowest rate of interest is paid.
3. Close all debt issues by the required deadline.
4. Process all Capital Improvement Project draws as requested by State agencies.
5. Process all South Carolina Housing Finance and Development Authority and Education Assistance Authority transactions as requested.
6. Provide State institutions and agencies with guidance in effectively managing their debt issuances and programs.
7. Provide information to credit rating agencies on a timely basis.
8. Assure outstanding debt does not exceed debt limitations.

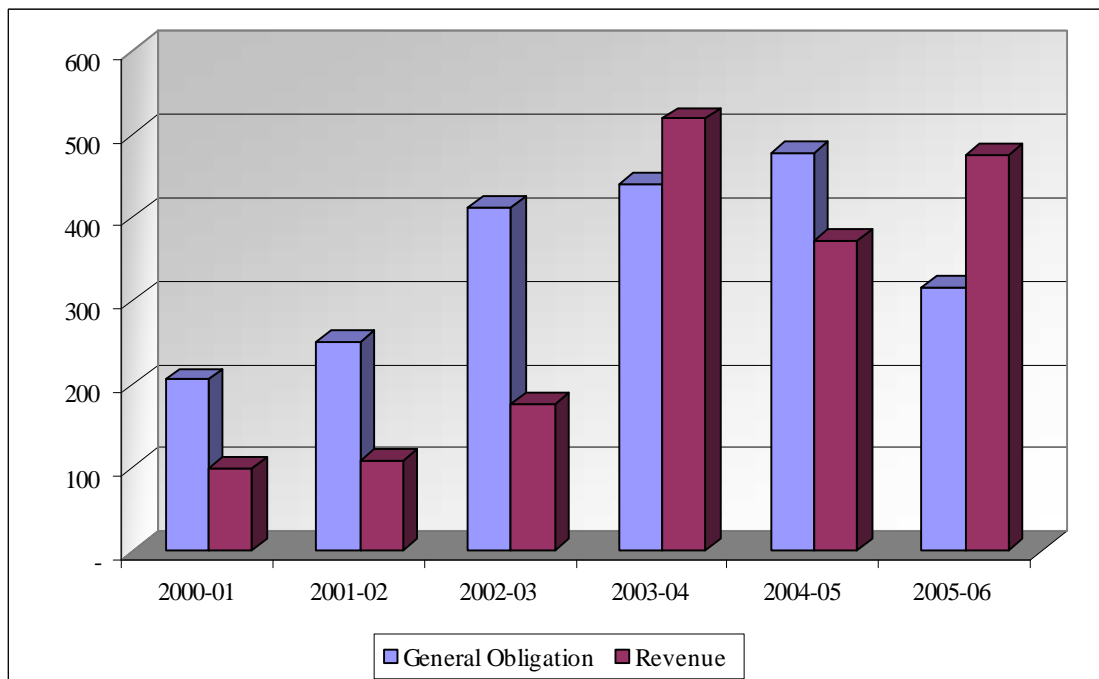
Key Results:

1. All debt payments were promptly made and compliance with Federal arbitrage requirements was certified.

Chart 3.1 - Debt payments (in millions)

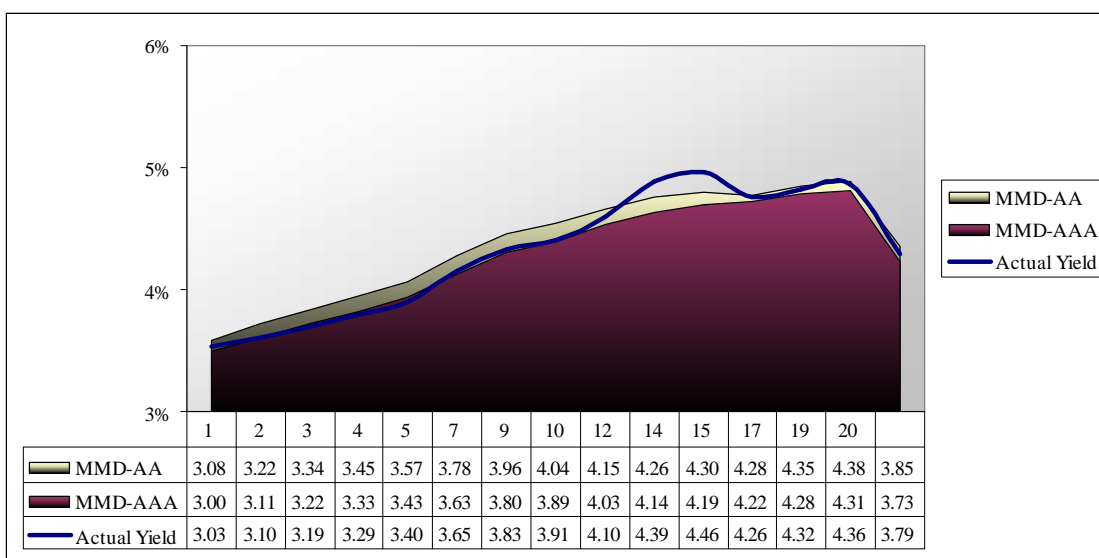
	<u>Fiscal Year</u>					
	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>
General Obligation	\$ 205.5	\$ 250.9	\$ 412.6	\$ 441.1	\$ 478.4	\$ 316.3
Capital Improvement	145.3	136.6	216.5	294.7	238.6	141.5
Revenue	99.8	108.9	175.7	518.9	372.1	475.1

Graph 3.2 - Comparison of debt payments by fiscal year (in millions)



- On a composite basis, general obligation debt was issued at yields favorable overall to Municipal Market Data (MMD) yields for the 1 to 10 year term and less favorable in the 11 to 20 year term. The latter is the consequence of the changing interest rate environment and a flat yield curve, and the premium and associated with a ten year standard call provision for all issuances of State general obligation debt. For the fiscal year, the overall yield on general obligation debt issued was 3.79%, as compared to the MMD-AAA and MMD-AA yields for the same period at 3.73% and 3.85%, respectively.

Graph 3.3 - Comparison of bond yields



3. All new bond issues were closed as scheduled; however, recent complex transactions, particularly the tobacco securitization, a synthetic advanced refunding for the Transportation Infrastructure Bank and the continued large number of refunding transactions have stretched our resources to a level that increases transaction risks and creates a potential for oversight and financial error.

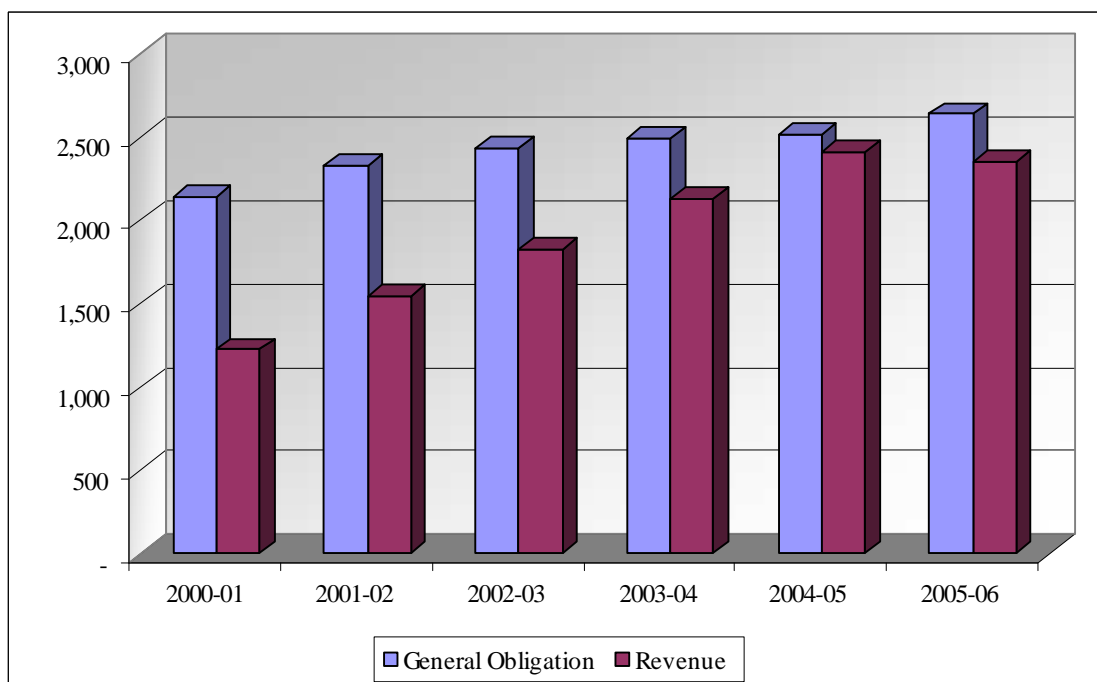
Chart 3.4 - Bond issues closed

	Fiscal Year					
	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
General Obligation	7	7	20	12	6	16
Revenue	13	7	13	11	16	8
Intergovernmental	1	-	2	-	-	-
Total	<u>21</u>	<u>14</u>	<u>35</u>	<u>23</u>	<u>22</u>	<u>24</u>
Bond Issues Defeased	-	1	14	6	7	-

Chart 3.5 - Comparison of outstanding debt (in millions)

	Fiscal Year					
	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
General Obligation	\$ 2,146.7	\$ 2,328.6	\$ 2,433.3	\$ 2,494.3	\$ 2,518.4	\$ 2,640.6
Revenue	1,224.7	1,548.6	1,829.3	2,133.5	2,412.5	2,350.1
Total	<u>\$ 3,371.4</u>	<u>\$ 3,877.2</u>	<u>\$ 4,262.6</u>	<u>\$ 4,627.8</u>	<u>\$ 4,930.9</u>	<u>\$ 4,990.7</u>
Total Issues	120	117	152	150	153	150

Graph 3.6 - Outstanding debt (in millions)



4. All agency requests to draw bond proceeds were processed within 24 hours of receipt.

Chart 3.7 - Bond draws processed (amounts in millions)

	Fiscal Year					
	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
Capital Improvement Bond Draws and Refunds Amount	5,734 \$ 1,083.9	3,727 \$ 696.2	2,660 \$ 781.7	2,258 \$ 386.9	2,790 \$ 505.0	1,383 \$ 500.9

5. All South Carolina State Housing Finance and Development Authority and South Carolina Education Assistance Authority transactions were processed within 24 hours as requested by the agencies.

Chart 3.8 - Housing Authority and Education Assistance Authority daily transactions

	Fiscal Year					
	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
Housing Authority and Education Assistance Authority Daily Transactions	2,527	2,407	1,640	1,948	2,127	2,234

6. The debt management division performs impact analyses on debt limits in response to various borrowing proposals considered during the budget process. These analyses are generally provided within one business day of the request.
7. The State Treasurer maintains frequent contact with the rating agencies and responds to all requests for information on a timely basis. Revenue data was provided on a monthly basis, as published by the Board of Economic Advisors. Legislative and budget updates were also provided as developments in these areas occurred.
8. During the fiscal year, the agency responded to five requests for fiscal impact on debt proposals, performed various special analyses for the Senate Finance and House Ways and Means committees, provided an overview of the debt analysis process, provided advice and comment regarding tobacco diligent enforcement and other MSA-related responsibilities, prepared several debt comparisons and savings analyses for the governor's office in connection with preparation of the executive budget and other specific requests from that office, performed an analysis and comparison of unfunded liability of the state's retirement system with other state retirement systems, and provided comment and advice to the legislature and the Budget and Control Board for legislation and special studies.
9. The agency also assisted the State Housing Authority and the South Carolina Transportation Infrastructure Bank in the development of a request for proposals and selection criteria for financial advisory services. The STO also developed qualification criteria for engagement of other firms engaged in the finance process, and refined the JEDA professional services qualification and approval processes.

Unclaimed Property Program

Program Cost:

	2001-02	2002-03	2003-04	2004-05	2005-06
State Funds					
Other Funds	\$ 988,136*	\$ 881,361	\$ 2,426,498	\$ 815,617	\$ 583,364
	*		**		
FTE's	6.00	6.00	6.00	6.00	7.75
Temporary Employees	1.00	1.00	1.00	1.00	1.00

* Includes \$275,473 used under Proviso 72.76 (Flexibility) to maintain critical programs previously funded with General Fund appropriations.

** FY04 cost increase was attributable to one time fees paid to collect demutualization funds.

Program Goals:

- Sustained public awareness of the program.
- Prompt and accurate payment of funds to rightful owners.
- Efficient processing of remitted funds.
- Meet or exceed budget projections for General Fund transfer.

Program Objectives:

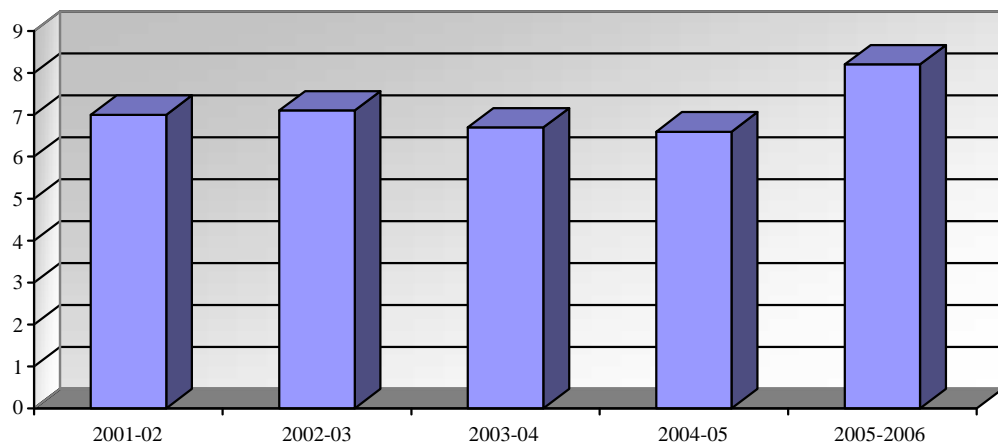
1. Increase public awareness of the program utilizing the most efficient methods.
2. Provide and promote services via the Internet thus making it easier for the public to submit claims while keeping the cost of services down.
3. Increase the return of property to the rightful owners through aggressive outreach programs.
4. Increase compliance with the Unclaimed Property Act by increasing the number of holders filing an annual report.
5. Increase the number of holders reporting electronically, thereby reducing the risk of input errors, the cost of processing reports, and the time between the receipts of property and availability for claims.
6. Analyze the reserve requirements for paying expenses and claims and increase the amount of unclaimed funds turned over to the General Fund, if possible.

Key Results:

1. Increased the probability of money being claimed by rightful owners in the most cost efficient manner possible through:
 - Providing requested information for weekly television coverage to stations in Aiken, Beaufort, Charleston, Cheraw, Myrtle Beach and Columbia; and
 - Collaborating with the *Rock Hill Herald*, the *Anderson Independent-Mail*, the *Hilton Head Island Packet* and the *Orangeburg Times and Democrat* to run listings of unclaimed property owners in each newspaper on a regular basis.

2. Promoted use of the State Treasurer's website (i.e., database search for property, printing of claim forms, holder electronic reporting) through television and newspaper as outlined in Number 1 above. In FY06, 15,436 potential owners, an increase of 22% (3,331) over the prior fiscal year, inquired about possible unclaimed accounts using the State Treasurer's website search feature. Of those making inquiries, 76 % (11,713) printed claim forms from the website. The increase is due in part to national media attention (*Dateline* and *Inside Edition* coverage) to the states' unclaimed property programs. Use of the State Treasurer's website by potential owners reduces the number of incoming telephone and mail inquiries. Providing claimants the ability to print their own claim forms eliminates the time and cost of printing and mailing the claim forms.
3. Continued to place special emphasis on finding owners of large sums (over \$1,000) of unclaimed property. Of the \$8.17 million paid in claims in FY06, \$2,032,976 was paid because of these targeted research efforts. The research was facilitated by the use of a subscription Internet service which provides information on claimants. In an effort to return undeliverable tax refund checks to the rightful owners, staff worked closely with the SC Department of Revenue to transfer 2,792 undeliverable tax refund accounts worth \$1,031,854 to UPP. Seven hundred twenty-seven of these accounts, totaling \$251,693.44, were returned to the rightful owners from May 4, 2006 (the day the accounts were received) through the end of the fiscal year. To assist the SC Department of Social Services locate parents to whom child support payments were owed, the STO entered into a Memorandum of Understanding with DSS that allows for the transfer of uncashed child support payment checks. The owners' names are included on the UPP website and in all other outreach programs. On March 20, 2006, DSS transferred 10,884 accounts worth \$281,677. Through the end of the fiscal year, 394 accounts, totaling \$48,560.72, were returned to the rightful owners.

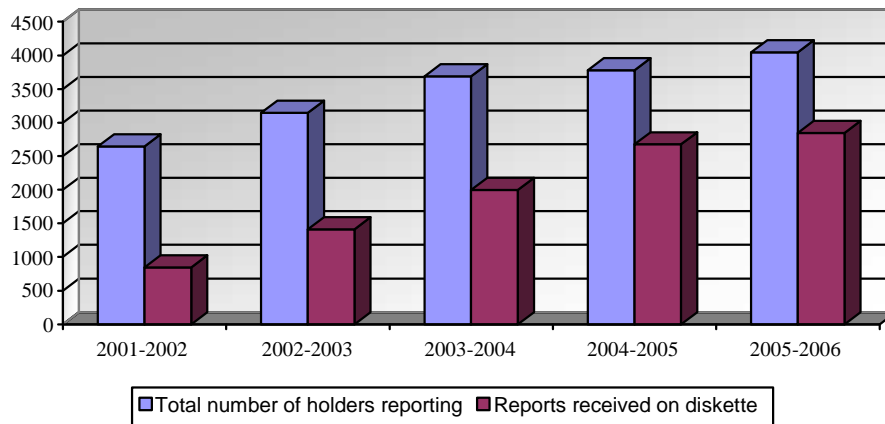
Graph 4.1 - Amount returned to rightful owners (in millions)



The amount of claims paid fluctuates from year to year contingent upon several factors: the amount of media attention the program receives; frequency and success of public outreach efforts; amount of reciprocal payments made to other states; and/or an unusually high one-time holder remittance.

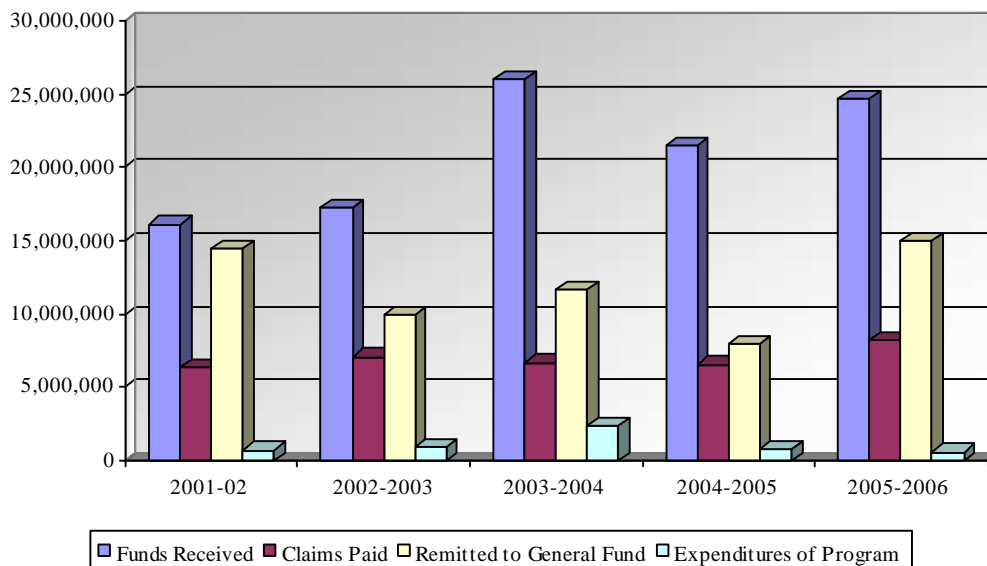
4. The number of holders filing reports increased from 3,777 to 4,046. Increased awareness of the obligation to remit unclaimed funds to the State contributed to this seven percent increase. Key staff members are available to answer questions and assist holders in filing annual reports. Upon request, staff visited holders to provide hands-on assistance with reporting. All necessary reporting instructions are also provided online.

Graph 4.2 - Number of holders reporting electronically



- As a result of a proactive outreach program, the number of holders filing reports electronically increased from 2,676 to 2,846. Seventy percent of holders reporting in FY06 reported electronically compared to 71 % a year ago. The one percent decrease is likely the result of new holders reporting that previously were not familiar with reporting requirements and options. Electronic reporting further reduces the percentage of reports that have to be manually keyed, thereby decreasing the staff hours needed to key the reports, while increasing the accuracy of the newly-added account information.

Graph 4.3 - Comparison of sources and uses of funds



- Starting in April 2006, stock claimants were given the option of authorizing the State Treasurer's Office to sell their stock shares for them. The stock sale option will result in savings for both the owner and the State.
- Based on analysis of receipts, claims experience, expenditures of the program, and reserves necessary, the STO regularly reviews the amount available for transfer to the General Fund. During the FY06, STO transferred \$15 million to the General Fund.

College Savings Plans:

South Carolina Tuition Prepayment Program (SCTPP) South Carolina College Investment Program (Future Scholar)

Program Cost:

	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>
State Funds					
Other Funds	\$ 405,067	\$ 516,877	\$ 481,898	\$ 482,394	\$ 501,653
FTE's	2.30	2.30	2.30	2.30	2.20

Program Goals:

- Promote college savings through public awareness of both programs, particularly among South Carolinians.
- Implement efficient processes for applications, account collections, and matriculation and refund payments.
- Monitor the actuarial soundness of the SCTPP Fund.
- Oversee the Future Scholar 529 College Savings Plan.

Program Objectives:

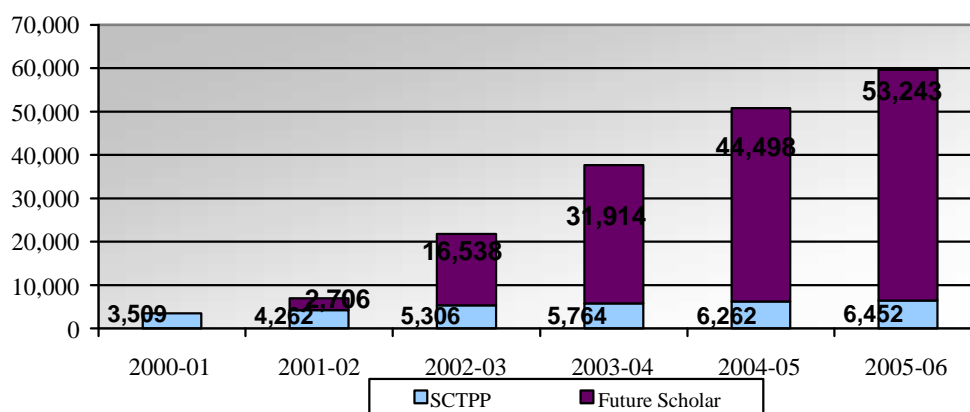
1. Increase public awareness of the programs utilizing the most efficient methods.
2. Steadily increase the number of accounts with focus on serving South Carolina residents.
3. Expand services available through the Internet thus making it easier for the public to submit applications and make account changes.
4. Increase participation in automatic draft payment options.
5. Increase program flexibility and options for families interested in college savings.
6. Analyze the cash flow expectations for SCTPP and review actuarial assumptions to sustain program soundness.
7. Maintain oversight of the Future Scholar program through regular contact with the administrators, review of program plans and materials, and monitoring program results and portfolio performance.

Key Results:

1. Increased participation in Future Scholar and SCTPP:

The number of active Future Scholar accounts increased by 16% to 53,243 and the accounts' market value rose 41% to \$691 million. The number of active SCTPP accounts increased by 3% to 6,452 and the SCTPP Fund value increased by 7% to \$112 million. The national average growth rate for the 529 industry over the past year was 31%.

Graph 5.1 - Future Scholar and SCTPP active accounts



- Increased by 19% the number of brokerage firms with executed dealer agreements (to open Future Scholar accounts) to 169, allowing more financial advisors the ability to discuss 529 college savings advantages with clients, including tax savings provided by the State.
- Ran print and radio ads for both Future Scholar and SCTPP statewide with media plans designed to reach South Carolinians of all income levels, including point-of-sale campaigns at all South Carolina Bank of America financial centers.

Chart 5.2 – SCTPP participation by income

<u>Family Income</u>	<u>SCTPP Accounts</u>
< \$30K	2.3%
\$30K - \$50K	12.1%
\$50K - \$80K	27.1%
\$80K - \$100K	21.4%
>\$100K	37.1%

- Maintained a nearly 50% ratio of participation in Future Scholar by South Carolina residents. 25,575 of the 53,243 Future Scholar accounts are owned by a South Carolina resident. The State Treasurer is committed to administering college savings opportunities for South Carolinians that offer low-cost, high-quality investment options. By incorporating a program that allows for out-of-state participation at a higher investment cost, Future Scholar is able to minimize the cost of participation for South Carolinians.
The Future Scholar Direct Investment Program (a no-load program available only for South Carolinians) is one of the lowest priced plans in the nation, with expenses ranging from 0.10% to 0.40%. Future Scholar maintained a higher than average percentage of participants in its direct program as compared to the industry average for investment in direct and advisor-sold programs.
- Maintained high rankings for Future Scholar in nationally recognized 529 Plan rating websites. The ratings are based on a program's flexibility, investment options, economic benefits, and add-on incentives. Future Scholar's Direct Program (for South Carolina residents) has a 4.5 out of 5.0 rating at both SavingForCollege.com and Yahoo.com's College Savings Center. Only five plans out of 75 rated plans at SavingForCollege.com and three plans at Yahoo.com have higher ratings.
- Conducted successful campaigns for Future Scholar enrollment and account building during December 2005 for year-end awareness and February and March 2006 to educate parents on the value of the State and federal tax benefits for Future Scholar account contributions.

7. In October and November 2005, the Future Scholar Program Descriptions and collateral materials were enhanced to include more comprehensive information and user-friendly tables. The Descriptions continue to be in line with the College Savings Plan Network national standards and include all MSRB required disclosure.
8. Maintained percentage of Future Scholar accounts with systematic contributions, using automatic bank draft or payroll deduction, at 37%. The automatic draft option for Future Scholar not only promotes efficiency, but also encourages systematic savings. This feature is promoted to account holders throughout the year as part of an on-going “account builder” campaign that also educated parents on the rising cost of a college education and the need for increased systematic investments. The agency also maintained the percentage of SCTPP contract holders making monthly payments by automatic draft at 39% as part of a continuing effort to reduce bank service charges.
9. Enhanced the SCTPP and Future Scholar websites to provide participants with access to additional account information online using the records management vendors’ secure environments. SCTPP account holders may now view expanded financial information on account transactions and payment history. New tools, calculators and self-help aids are now available at www.futurescholar.com.
10. Rolled out an enhanced Future Scholar investment line-up including new portfolios in both the Advisor and Direct sold plans. Introduced new funds managed by Marsico and Acorn Funds with high ratings at Morningstar.com.
11. Continued to work closely with SCTPP’s independent actuary, the SC higher education community and members of the Senate Finance and House Ways and Means Committees to assure that actuarial assumptions used in pricing new contracts are appropriate. The conservative assumptions used by STO, downswing in market returns, and high increases in tuition across the State have caused a decrease in the Program’s actuarial reserve as demonstrated in the charts below.

Graph 5.3 - SCTPP percent funded

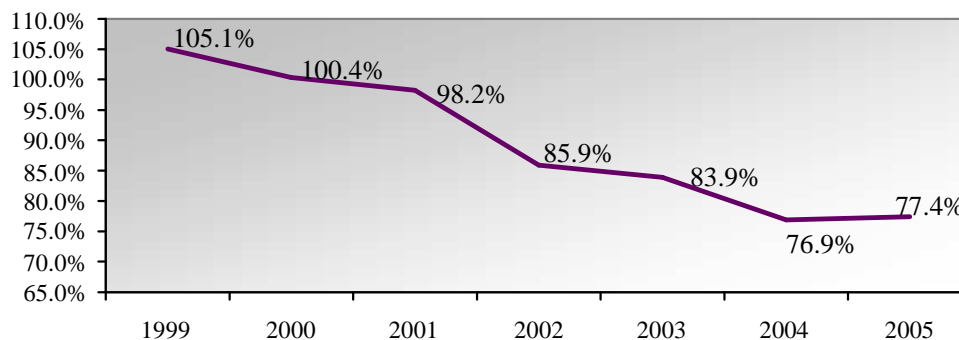


Chart 5.4 - SCTPP projected vs. actual tuition increases since program inception

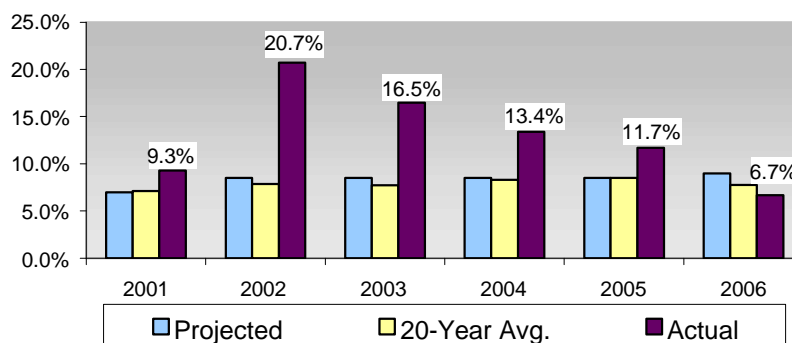
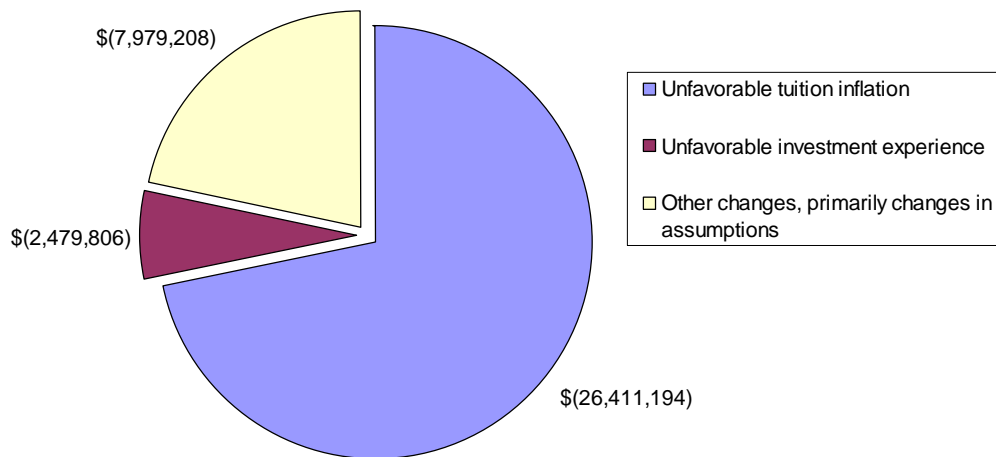


Chart 5.5 – Factors contributing to the SCTPP actuarial unfunded liability



12. The agency continued to follow SCTPP’s investment strategy with an asset allocation of 50% fixed and 50% equities, which staff believes is appropriate for the nature of the funds. Prior to July 1, 2001, the funds were invested in the State Treasurer’s Cash Management Pool and returns were stated as accrual basis returns (excluding unrealized gains and losses) in accordance with the short term nature of that pool. At July 1, 2001, a separate portfolio was created to manage the Fund, and shortly thereafter, investments were made into indexed equity funds.
13. Agency staff testified before the Senate Tax Subcommittee on January 24, 2006, regarding the funding status of SCTPP and presented alternatives to restore the Fund to a 100% funded status. After consultation with and support from financial and budgetary staff at the majority of the State’s public universities, the STO compiled a group of options based on the universities discounting tuition for the beneficiaries of SCTPP contracts. The cost each year to the universities varies depending upon the SCTPP contract benefits payout basis; however, spread over the life of the program and among the number of publicly funded institutions, these costs do not present a particularly difficult burden to any one school. Alternatives presented to the Subcommittee also included various scenarios of General Fund appropriations to the program, either through a one-time lump-sum appropriation or through installments over a range of different time periods.
14. The STO has been watchful of its costs to administer the program and continues to reduce the percentage of the Fund used for administration and expenses. Approximately 0.7% of the Fund is expected to be used for expenses, while 95% is expected to be used for tuition payments and 4.3% for refunds due to contract cancellations.

Strategic Planning Chart

Program Number and Title	Supported Agency Strategic Planning Goal/Objective	Related FY 05-06 Key Agency Action Plan/Initiative(s)	Key Cross References for Performance Measures
1.Accounting and Banking	1.1 Receive and disburse all funds timely and accurately	Further automate receipt and disbursements where possible in order to process increased workflows with existing staff	Graph 1.1, Chart 1.2 and Chart 1.4
	1.2 Support agency banking needs	Communicate with agencies about their specific banking needs and through partnering with banking service providers incorporate new services and technology where available	Key Results – Banking #1 and #2
	1.3 Reconcile bank accounts and limit unrecorded deposits	Piloted sub-accounts at two major banks, utilize additional features of online banking services and further automate file transfer and reconciliation to facilitate timely reconciliations	Key Results – Accounting #3 and Banking #3 and #4
	1.4 Distribute Shared revenue	Utilize and regularly review automated systems to assure compliance with applicable distribution laws	Chart 1.3 and Key Results – Accounting #2
	1.5 Receive and distribute Court Fines	Monitor legislative changes related to Court Fines, educate local governments on any changes, update forms and instructions and upgrade computer systems to process new fines	Graph 1.5 and Key Results – Banking #5 and #6
	1.6 Manage flow of Deferred Comp funds to administrator	Increase number of entities transmitting deferred compensation funds directly to the program administrator	Chart 1.6 and Key Results – Banking #7
2. Investments	2.1 Provide cost effective, professional portfolio management services	With a highly trained, professional staff and state of the art portfolio management tools, manage fixed income funds internally	Chart 2.1, Chart 2.3, and Chart 2.9
	2.2 Maintain adequate collateral	Utilize automated systems for timely monitoring and adjustment of collateral	Key Results – Investments #12
	2.3 Maintain adequate liquidity	Employ proper cash forecasting models and communication with agencies to predict cash needs and to match investments with those needs	Key Results – Investments # 7
	2.4 Obtain best return within prescribed parameters	Utilize state of the art information and analysis systems, professional investment advisory services, and a highly trained and motivated staff to maximize investments in accordance with investment policies	Chart 2.2, Graph 2.4, Chart 2.5, Graph 2.7, and Chart 2.8
	2.5 Optimize earnings through effective cash management	Utilize state of the art cash management tools and practices	Key Results – Investments #6 and #7
	2.6 Meet or exceed budgetary earnings projection	Monitor economic forecasts for state revenue and expenditures and market conditions to ensure revenues are on target, or revise targets when necessary	Key Results – Investments #8

3. Debt Management	3.1	Pay all debt accurately and on time	Utilize automated system for timely and accurate calculation, and execution of debt payments	Key Results – Debt #1, Chart 3.1, and Graph 3.2
	3.2	Close all new debt issues by deadline	Utilize experienced staff and outside advisors depending on the nature of the issue	Key Results – Debt #3, and Chart 3.4
	3.3	Issue debt at lowest rate possible	Maintain AAA credit rating and utilize online bid capabilities to maximize exposure or offerings	Key Results – Debt #2, and Graph 3.3
	3.4	Process Capital Improvement draws as requested by state agencies	Utilize automated system for monitoring of authorized draw schedule and processing of draws	Chart 3.7
	3.5	Process Housing Authority transactions as requested	Coordinate with Housing Authority	Chart 3.8
	3.6	Monitor state debt limit	Perform impact analyses as requested for various proposed borrowing scenarios during the budget process	Key Results – Debt #6
	3.7	Assist agencies and institutions with debt issuance	Provide professional advice and services as needed	Chart 3.4
	3.8	Provide timely information to credit rating agencies as needed	Keep rating agencies apprised of issues regarding the state's financial condition and respond to requests for information in a timely manner	Key Results – Debt #7
4. Unclaimed Property	4.1	Increase public awareness of the program	Partner with local TV and newspaper outlets to raise awareness of the program in the most cost efficient methods possible	Key Results – UPP #1
	4.2	Provide and promote internet inquiries and claims	Use advertising to promote internet access to the complete unclaimed property records rather than listing newly reported property annually	Key Results – UPP #2
	4.3	Aggressively seek rightful owners	Utilize a subscription internet service to assist in locating owners of property over \$1,000	Key Results – UPP #3, and Graph 4.1
	4.4	Promote holder compliance with unclaimed property requirements	Provide electronic reporting systems to encourage compliance and employ compliance auditors	Graph 4.2 and Key Results – UPP #5
	4.5	Promote electronic reporting of unclaimed property	Provide downloadable reporting software via the internet	Graph 4.2
	4.6	Review reserve requirements and transfer excess funds to the General Fund	Utilize an historical analysis methodology to predict the level of reserves needed for future claims	Graph 4.3 and Key Results – UPP #7
5. College Savings	5.1	Increase public awareness of the programs and promote saving for college	Optimize limited advertising funds to promote the SCTPP program within SC and work with the Future Scholar administrator to identify promotional opportunities within the state	Graph 5.1 and Key Results – TPP #2

	5.2	Increase the number of college savings accounts within the programs particularly among South Carolinians	Partner SCTPP with Future Scholar to promote college savings to South Carolinians at all income levels and throughout the State	Graph 5.2 and Key Results – TPP #3 and #4
	5.3	Expand internet services of both programs, meeting customer expectations and enabling participation	Provide better online access to account holders of SCTPP and Future Scholar	Key Results – TPP #9
	5.4	Increase automatic payments in both programs	Include automatic payment option information on the SCTPP website and conduct Future Scholar “Account Building” campaigns promoting systematic, electronic payments	Key Results – TPP #6 and #8
	5.5	Increase program flexibility and options while maintaining compliance with IRS 529 Guidelines	Review fund offerings in Future Scholar	Key Results – TPP #7 and #10
	5.6	Improve actuarial soundness of the tuition prepayment program.	Work with program actuary to review actuarial assumptions, get input from higher education community regarding tuition cost projections, manage the program investment strategy, reduce administrative expenses where feasible, and provide information to legislative committees as requested	Key Results – TPP #11, #13, and #14, Chart 5.3, Chart 5.4, and Graph 5.5
	5.7	Oversee Future Scholar program	Hold regular status meetings with administrator. Review program materials and disclosures. Regularly review portfolio performance, costs and offerings	Key Results – TPP #5 and #7
* Key Cross-References are a link to the Category 7 - Business Results. These References provide a Chart number that is included in Category 7, “Results,” of Section III of this document.				

GLOSSARY OF ACRONYMS USED

CDARS	Certificate of Deposit Account Registry Service
CMIA TSA	Cash Management Improvement Act - Treasury State Agreement
COLA	Cost of Living Adjustment
CSPN	College Savings Plan Network – a division of NAST
DMS	Debt Management System
FMS	Financial Management System
GAAP	Generally Accepted Accounting Principles
GARS	General Assembly Retirement System
IMS	Investment Management System
JSRS	Judges and Solicitors Retirement System
LGIP	Local Government Investment Pool
MMD	Municipal Market Data
NASACT	National Association of State Auditors, Controllers, and Treasurers
NAST	National Association of State Treasurers
PORS	Police Officers Retirement System
SCEIS	South Carolina Enterprise Information System
SCRS	South Carolina Retirement System
SCTPP	South Carolina Tuition Prepayment Program
STARS	State Accounting and Reporting System
STO	State Treasurer’s Office
UPP	Unclaimed Property Program